A BILL for an Act to provide a declaration of water policy and goals and objectives for water project development, the Mouse River enhanced flood control project, the Southwest pipeline project, the Garrison diversion unit, and the Fargo-Moorhead flood control project; to create and enact a new section to chapter 6-09.4 of the North Dakota Century Code, relating to an infrastructure revolving loan fund; to amend and reenact sections 57-51.1-07, 61-24.7-01, 61-24.7-05, and 61-40-06 of the North Dakota Century Code, allocation of moneys in the oil extraction tax development fund, the Red River water supply project, and oversight of the western area water supply project; to repeal sections 61-24.7-02, 61-24.7-03, and 61-24.7-04 of the North Dakota Century Code, relating to funding of the Red River valley water supply project; and to provide a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 6-09.4 of the North Dakota Century Code is created and enacted as follows:

Infrastrucure revolving loan fund - Continuing appropriation - Rules.

1. The purpose of the infrastructure revolving loan fund is to provide loans for public water-related infrastructure projects, including those for water supply, flood protection, or other water project development.

2. An infrastructure revolving loan fund is established to make loans for the purposes described in subsection 1. Moneys in the fund are appropriated on a continuing basis for making loans in accordance with this section. Accounts may be established in the fund as necessary for its management and administration.

3. The public finance authority shall manage and administer the infrastructure revolving loan fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.
4. An applicant for a loan must submit an application to the Bank of North Dakota on forms prescribed by the Bank. The applicant must provide the following information:
   a. The estimated cost of the project and the amount of the loan sought;
   b. Other possible sources of funding in addition to loans sought from the infrastructure revolving loan fund;
   c. The proposed methods and sources of funds to be used for repayment of loans received; and
   d. Information showing the financial status and ability of the borrower to repay loans.

Each project must be certified by the industrial commission under subsection 5 before its consideration by the public finance authority.

5. The industrial commission shall consider the following information when evaluating projects to certify to the public finance authority:
   a. A description of the nature and purpose of the proposed infrastructure project including an explanation of the need for the project and the reasons why it is in the public interest;
   b. The estimated cost of the project and the amount of loan sought;
   c. Proposed sources of funding, in addition to loans sought from the infrastructure revolving loan fund;
   d. The need for the project as part of the overall infrastructure system;
   e. The overall economic impact of the project; and
   f. The extent to which completion of the project will provide a benefit to the state or to political subdivisions within the state.

6. A loan made under this section must:
   a. Bear interest at or below market rates or as otherwise specified in federal law;
   b. Have a repayment term not longer than fifty years;
   c. Be fully amortized no later than fifty years after project completion;
   d. Be subject to repayment of principal and interest beginning not later than five years after the facility financed with a loan has been completed; and
   e. Be disbursed for specific project elements only after all applicable environmental requirements have been met.
7. The director of the public finance authority, with the approval of the industrial commission, shall adopt rules to implement a program to identify and assist with development of projects eligible for loans under this section.

8. The director of the public finance authority may request the assistance of other agencies of the state as may be necessary to the development of projects eligible for loans under this section and as may be necessary for the administration of such projects that have been certified by the industrial commission and such agencies of the state are authorized and directed to provide such assistance.

9. A loan may be made to a statutory or home rule charter city to finance projects for the purposes described in this section without regard to whether the city is eligible for financing under a federal act or program or state law. The loan must be repayable under the terms and conditions provided in this section and established by the public finance authority and agreed to by the city. The loan must be repaid by the city from the proceeds of special assessments, tax increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions and recreation taxes, and food and beverage taxes, authorized to be used for purposes of the project.

SECTION 2. AMENDMENT. Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07. Allocation of moneys in oil extraction tax development fund.
Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:

1. Twenty Eighteen percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:
a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and

b. The industrial commission for the funding of programs for development of energy conservation and renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.

2. Two percent must be allocated to the infrastructure revolving loan fund.

3. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.

3.4. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.

4.5. Thirty percent must be allocated and credited to the state’s general fund.

SECTION 3.

Declaration of policy.

The legislative assembly declares that major water development and water management goals must be set forth and implemented in order to protect the long-term interests, economic vitality, and future benefits of the state and its citizens; that such water development and water management goals are essential for the economic growth and quality of life across the entire state; that rights to the use and enjoyment of waters of the Missouri River flowing through this state cannot be restricted by the federal government; that it is necessary to develop and utilize waters of the Missouri River for municipal, domestic, rural, and industrial purposes in this state; that flood control works are necessary to protect the lives and property of the citizens of this state; that major flood control works in and around major cities and other cities are necessary to address the record and damaging floods that have occurred; that regional water supply and rural water projects must be completed in order to provide a long-term, dependable quality and adequate quantity water supply for municipal, domestic, rural, and industrial uses; that irrigation
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provides a significant opportunity to further the agricultural opportunities in the state; and that an
infrastructure loan fund will enable these goals and policies to be achieved and implemented,
and will provide significant economic and financial benefits to the people of this state.

SECTION 4.

Legislative intent - Reports to legislative assembly.
The legislative assembly declares and establishes the following goals and objectives:

1. That it is necessary for the long-term welfare and economic well-being of the Souris
River basin, and the entire state and its citizens, that the planning, design, and
construction of the Mouse River enhanced flood control project be completed and
implemented.

2. That the Red River valley water supply project is critical to provide a dependable water
supply for current and future generations in eastern North Dakota and is essential to
provide for the long term welfare, economic well-being, and quality of life for the entire
state.

3. That it is necessary for the long term welfare and economic well-being of the Red
River basin, and the entire state and its citizens, that the planning, design, and
construction of the Fargo-Moorhead diversion and flood control project be completed
and implemented.

4. That regional water supply and rural water systems are necessary to provide a
dependable and adequate quantity and quality water supply for municipal, domestic,
rural, and industrial uses.

5. That the state water commission and the southwest water authority shall begin the
process of reviewing capital repayment and revenues being returned to the resources
trust fund; payments necessary to meet obligations of existing bonds and other loans;
ownership of land and associated facilities; existing construction documents; liabilities;
contracts with cities, bulk users, companies, and other users; and other items, and
shall report to the legislative assembly those steps necessary for the transfer of
ownership and responsibility of the southwest pipeline project from the state water
commission to the southwest water authority.
6. That the state water commission and the Garrison diversion conservancy district shall enter discussions with the bureau of reclamation concerning Garrison diversion unit facilities.

7. That projects receiving state funds for construction and implementation not assert, claim, or seek to prevent other opportunities, either public or private, to utilize waters of the Missouri River for industrial uses in this state.

8. That local water management and flood control projects are necessary for the economic well-being and quality of life of citizens in those local areas.

9. That irrigation development offers significant opportunities for agriculture in this state.

10. That an infrastructure loan fund for water development and management will provide significant financial benefits to projects and the citizens of this state, and will provide new capabilities to implement necessary water infrastructure projects across the state.

SECTION 5.

Mouse River enhanced flood control project.

1. The legislative assembly declares its intent to provide state funding for a share of the non-federal or local cost of constructing the Mouse River enhanced flood control project.

2. Any funds appropriated for the construction of the Mouse River enhanced flood control project may be carried over to future bienniums.

3. State funding for the Mouse River enhanced flood control project may be appropriated at the time and in the manner determined by the legislative assembly, either concurrently or separately from federal and local funding for the Mouse River enhanced flood control project.

SECTION 6.

Southwest pipeline project - Report to legislative assembly.

The state water commission and the southwest water authority shall begin the process of reviewing capital repayment and revenues being returned to the resources trust fund; payments necessary to meet obligations of existing bonds and other loans; ownership of land and associated facilities; existing construction documents; liabilities; contracts with cities, bulk users, companies, and other users; and other items, and shall report to the legislative assembly those
steps necessary for the transfer of ownership and responsibility of the southwest pipeline project from the state water commission to the southwest water authority.

**SECTION 7.**

**Garrison diversion unit.**

The Garrison diversion unit has extensive federal facilities that have been constructed, including the Snake Creek pumping plant, the McClusky canal, recreation areas, and other facilities. It is the intent of the legislative assembly that the state water commission and Garrison diversion conservancy district begin discussions with the bureau of reclamation concerning the Garrison diversion unit facilities.

**SECTION 8.**

**Fargo-Moorhead flood control project.**

1. The legislative assembly declares its intent to provide state funding for a share of the nonfederal or local cost of constructing the Fargo-Moorhead flood control project.

2. Notwithstanding any other law, any funds appropriated for the construction of the Fargo-Moorhead flood control project may be carried over to future bienniums.

3. State funding for the Fargo-Moorhead flood control project may be appropriated at the time and in the manner determined by the legislative assembly, either concurrently or separately from federal and local funding for the Fargo-Moorhead flood control project.

**SECTION 9. AMENDMENT.** Section 61-24.7-01 of the North Dakota Century Code is amended and reenacted as follows:

61-24.7-01. Legislative findings and intent - Authority to issue bonds.

4. The legislative assembly finds that the provision of water of sufficient quantity and quality to supply homes, businesses, industries, wildlife, and recreation in the Red River valley within this state is necessary for the protection of health, property, and enterprises and for the promotion of prosperity and the general welfare of the people of the Red River valley and that construction of the Red River valley water supply project involves and requires the exercise of the sovereign powers of the state and concerns a public purpose. Therefore, it is declared necessary and in the public interest that the state by and through the state water commission provide a one-third share of the cost of constructing the Red River valley water supply project.
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2. In furtherance of the public purpose set forth in subsection 1, the state water-
commission may issue bonds under chapter 61-02 and the proceeds are appropriated-
for construction of the Red River valley water supply project authorized and funded in-
part by the federal government and designed to provide reliable sources of water of-
sufficient quantity and quality to supply homes, businesses, industries, wildlife, and-
recreation in the Red River valley within this state.

3. This chapter does not affect the state water commission’s authority to otherwise issue-
bonds pursuant to chapter 61-02 or section 61-24.3-01.

SECTION 10. AMENDMENT. Section 61-24.7-05 of the North Dakota Century Code is
amended and reenacted as follows:

61-24.7-05. State funding plan.

1. The legislative assembly declares its intent to provide state funding for one third
share of the total nonfederal or local cost of constructing the Red River valley water
supply project.

2. Any general funds appropriated for the construction of the Red River valley water
supply project may be carried over to future bienniums.

3. State funding for the Red River valley water supply project may be appropriated at the
time and in the manner determined by the legislative assembly, either concurrently or
separately from federal and local funding for the Red River valley water supply project.

SECTION 11. AMENDMENT. Section 61-40-06 of the North Dakota Century Code is
amended and reenacted as follows:

61-40-06. Oversight of authority projects.

The authority shall comply with the policies of the state water commission as the-
policy relates to bidding, planning, and construction of the project. The policies must
include provisions for insurance, including general liability insurance, in adequate amounts. The
authority shall report to and consult with the state water commission regarding the operation
and financial status of the project, as requested by the state water commission. In relation to-
initial construction of the system and debt repayment, the authority shall present the overall
plan and ongoing contract plans and specifications for the project to the state water commission
for approval. The attorney general shall assist the authority at the request of the state water
commission. If the twenty-five million dollar zero interest loan from the state water commission
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1 has not been repaid, without the written consent of the state water commission the authority
2 may not sell, lease, abandon, encumber, or otherwise dispose of any part of property used in a
3 water system of the authority if the property is used to provide revenue.

4 SECTION 12. REPEAL. Sections 61-24.7-02, 61-24.7-03, and 61-24.7-04 of the North
5 Dakota Century Code are repealed.